

MONTANA LEGISLATIVE HISTORY

Chapter 289 19 82

Bill H 669 S _____ Original bill & history X C

H. Committee on Business and Labor

Hearing Date(s) Feb 13 ☒ C

_____ ☐ C

_____ ☐ C

_____ ☐ C

Date Out Feb 13 ☒ C

S. Committee on Agriculture, Livestock + Irrigation

Hearing Date(s) Mar 13 ☒ C

_____ ☐ C

_____ ☐ C

_____ ☐ C

Mar 13 ☒ C

Did this bill originate in an interim committee? ☐ Yes ☐ No

Committee _____

Report _____

HB 289 INTRODUCED BY PISTORIA, ET AL.
ALLOCATING 5 PERCENT OF COAL SEVERANCE TAX TO LOCAL
GOVERNMENTS

1/19 INTRODUCED
1/19 REFERRED TO TAXATION
1/19 FISCAL NOTE REQUESTED
1/20 FISCAL NOTE RECEIVED
2/03 HEARING
2/06 TABLED IN COMMITTEE

1 House BILL NO. 289
2 INTRODUCED BY Listoria McConick Connell
3
4 A BILL FOR AN ACT ENTITLED: "AN ACT IMPLEMENTING THE
5 CONSTITUTIONAL AMENDMENTS IN ____ BILL NO. ____ [LC 510],
6 WHICH AMENDMENTS REDUCE TO 45 PERCENT THE PORTION OF THE
7 COAL SEVERANCE TAX ALLOCATED TO THE PERMANENT TRUST FUND AND
8 DEDICATE 5 PERCENT TO LOCAL GOVERNMENTS; AMENDING SECTION
9 15-35-108, MCA; AND PROVIDING A DELAYED CONTINGENT EFFECTIVE
10 DATE."
11

12 BE IT ENACTED BY THE LEGISLATURE OF THE STATE OF MONTANA:

13 Section 1. Section 15-35-108, MCA, is amended to read:
14 "15-35-108. Disposal of severance taxes. Severance
15 taxes collected under the provisions of this chapter are
16 allocated as follows:

17 (1) To the trust fund created by Article IX, section
18 5, of the Montana constitution, 50% after June 30, 1989, and
19 through June 30, 1999, 45% of total coal severance tax
20 collections. The trust fund moneys shall be deposited in
21 the fund established under 17-6-203(5) and invested by the
22 board of investments as provided by law.

23 (2) Starting July 1, 1986, and ending June 30, 1987,
24 6% of coal severance tax collections are allocated to the
25 highway reconstruction trust fund account in the state

1 special revenue fund. Starting July 1, 1987, and ending June
2 30, 1993, 12% of coal severance tax collections are
3 allocated to the highway reconstruction trust fund account
4 in the state special revenue fund.

5 (3) Starting July 1, 1989, and ending June 30, 1999,
6 5% of coal severance tax collections are allocated to the
7 local government block grant account within the state
8 special revenue fund.

9 ~~(3)~~(4) Coal severance tax collections remaining after
10 the allocations provided by subsections (1) and ~~(2)~~ through
11 (3) are allocated in the following percentages of the
12 remaining balance:

13 (a) 2 1/2% until July 1, 1987, and thereafter 4 1/2%
14 to the state special revenue fund to the credit of the
15 alternative energy research development and demonstration
16 account;

17 (b) 6% until July 1, 1987, and thereafter 37 1/2% to
18 the state special revenue fund to the credit of the local
19 impact and education trust fund account;

20 (c) 30% until July 1, 1987, and thereafter 10% to the
21 state special revenue fund for state equalization aid to
22 public schools of the state;

23 (d) 1% to the state special revenue fund to the credit
24 of the county land planning account;

25 (e) 1 1/4% to the credit of the renewable resource

development bond fund;

(f) starting July 1, 1986, and ending June 30, 1989, 5% to the general fund, and after June 30, 1989, 5% to a nonexpendable trust fund for the purpose of parks acquisition or management, protection of works of art in the state capitol, and other cultural and aesthetic projects. Income from this trust fund shall be appropriated as follows:

(i) 1/3 for protection of works of art in the state capitol and other cultural and aesthetic projects; and

(ii) 2/3 for the acquisition, development, operation, and maintenance of any sites and areas described in 23-1-102;

(g) 1% to the state special revenue fund to the credit of the state library commission for the purposes of providing basic library services for the residents of all counties through library federations and for payment of the costs of participating in regional and national networking;

(h) 1/2 of 1% to the state special revenue fund for conservation districts;

(i) 1 1/4% to the debt service fund type to the credit of the water development debt service fund;

(j) 4% until July 1, 1987, to the highway reconstruction trust fund account in the state special revenue fund;

(k) all other revenues from severance taxes collected under the provisions of this chapter to the credit of the general fund of the state."

NEW SECTION. Section 2. Instructions to code commissioner. In 20-9-343, 85-1-603, 90-2-124, and any section implementing or referring to the allocations of percentages of the remaining balance of the coal severance tax collections, the code commissioner shall revise the references to the subsections of 15-35-108, as provided in House Bill No. 12 if that bill is enacted by the 50th legislature, to conform with 15-35-108 as amended by this act and any other applicable act.

NEW SECTION. Section 3. Coordination instruction. If ___ Bill No. ___ [LC 510], including the section of that bill amending Article IX, section 5, of The Constitution of the State of Montana and the section of that bill adding a new section 6 to Article IX of The Constitution of the State of Montana, is not submitted or fails upon submission to the electorate on November 8, 1988, this act is void in its entirety.

NEW SECTION. Section 4. Effective date. Subject to section 3, this act is effective July 1, 1989.

-End-

HOUSE FINAL STATUS

	TRANSMITTED TO SENATE		
3/04	REFERRED TO TAXATION		
3/24	HEARING		
4/09	COMMITTEE REPORT--BILL CONCURRED AS AMENDED		
4/11	2ND READING CONCURRED	50	0
4/13	3RD READING CONCURRED	49	1
	RETURNED TO HOUSE WITH AMENDMENTS		
4/16	2ND READING AMENDMENTS CONCURRED	97	0
4/17	3RD READING AMENDMENTS CONCURRED	92	3
4/21	SIGNED BY SPEAKER		
4/22	SIGNED BY PRESIDENT		
4/22	TRANSMITTED TO GOVERNOR		
4/27	SIGNED BY GOVERNOR		
	CHAPTER NUMBER 615 EFFECTIVE DATE: 4/27/87		
HB 667	INTRODUCED BY HANNAH, ET AL.		
	ADDED EXEMPTION FROM INCOME TAX FOR HOME CARE OF DEPENDENT 65 YEARS OF AGE OR OLDER		
2/09	INTRODUCED		
2/09	REFERRED TO TAXATION		
2/09	FISCAL NOTE REQUESTED		
2/13	FISCAL NOTE RECEIVED		
2/19	HEARING		
3/16	TABLED IN COMMITTEE		
HB 668	INTRODUCED BY VINCENT		
	CONVICTION FOR DUI OR PER SE CONSTITUTES CONVICTION OF THE OTHER		
2/09	INTRODUCED		
2/09	REFERRED TO JUDICIARY		
2/17	HEARING		
2/24	COMMITTEE REPORT--BILL PASSED AS AMENDED		
2/24	2ND READING NOT PASSED	61	39
HB 669	INTRODUCED BY HARP, ET AL.		
	REVISE LAWS ON SALE AND DISSOLUTION OF PROPERTY BY RURAL COOPERATIVES		
2/09	INTRODUCED		
2/09	REFERRED TO BUSINESS & LABOR		
2/13	HEARING		
2/13	COMMITTEE REPORT--BILL PASSED		
2/17	2ND READING PASSED	93	0
2/18	3RD READING PASSED	87	0
	TRANSMITTED TO SENATE		
2/19	REFERRED TO AGRICULTURE, LIVESTOCK & IRRIGATION		
3/13	HEARING		
3/14	COMMITTEE REPORT--BILL CONCURRED		
3/18	2ND READING CONCURRED	48	0
3/20	3RD READING CONCURRED	49	0
	RETURNED TO HOUSE		
3/23	SIGNED BY SPEAKER		
3/24	SIGNED BY PRESIDENT		
3/25	TRANSMITTED TO GOVERNOR		
3/29	SIGNED BY GOVERNOR		

HOUSE FINAL STATUS

CHAPTER NUMBER 289 EFFECTIVE DATE: 10/01/87

HB 670 INTRODUCED BY BACHINI, ET AL.
RAILROAD EMPLOYEE AS SPECIAL PEACE OFFICER

2/09 INTRODUCED
2/09 REFERRED TO JUDICIARY
2/17 HEARING
2/21 COMMITTEE REPORT--BILL PASSED AS AMENDED
2/24 2ND READING PASSED 61 35
2/24 3RD READING PASSED 69 30

TRANSMITTED TO SENATE
3/02 REFERRED TO JUDICIARY
3/27 HEARING
3/27 COMMITTEE REPORT--BILL CONCURRED AS AMENDED
3/30 2ND READING CONCURRED 50 0
3/30 3RD READING CONCURRED 50 0

RETURNED TO HOUSE WITH AMENDMENTS
4/08 2ND READING AMENDMENTS CONCURRED 84 6
4/09 3RD READING AMENDMENTS CONCURRED 84 13
4/14 SIGNED BY SPEAKER
4/14 SIGNED BY PRESIDENT

4/15 TRANSMITTED TO GOVERNOR
4/20 SIGNED BY GOVERNOR
CHAPTER NUMBER 552 EFFECTIVE DATE: 7/01/87

HB 671 INTRODUCED BY RAPP-SVRCEK
ALLOW LEGISLATURE TO DEFINE UNIVERSITY SYSTEM

2/09 INTRODUCED
2/09 REFERRED TO EDUCATION & CULTURAL RESOURCES
2/20 HEARING
2/21 TABLED IN COMMITTEE

HB 672 INTRODUCED BY WHALEN
JOINDER OF DEFENDANT'S INSURER AS A DEFENDANT--
INSURANCE ADMISSIBLE AT TRIAL

2/09 INTRODUCED
2/09 REFERRED TO JUDICIARY
2/18 HEARING
FAILED TO MEET TRANSMITTAL DEADLINE

HB 673 INTRODUCED BY WHALEN, ET AL.
ATTORNEY FEE TO WORKERS' COMPENSATION CLAIMANT IF
AWARD MORE THAN OFFER BEFORE TRIAL

2/09 INTRODUCED
2/09 REFERRED TO JUDICIARY
2/13 REREFERRED TO BUSINESS & LABOR
3/09 TABLED IN COMMITTEE

HB 674 INTRODUCED BY MERCER, ET AL.
ADOPTION INVESTIGATIONS

2/09 INTRODUCED
2/09 REFERRED TO HUMAN SERVICES & AGING
2/14 HEARING
2/16 COMMITTEE REPORT--BILL PASSED
2/18 2ND READING PASSED 94 0
2/19 3RD READING PASSED 95 0

HOUSE BILL NO. 669 - Revise Laws on Sale and Dissolution of Property by Rural Cooperatives, sponsored by Rep. John Harp, House District No. 7, Kalispell. Rep. Harp stated that in the past few years there has been concern with the consumer groups, the REA's and cooperatives that there could be some potential buying out and hostile takeovers from privately owned utilities. He commented to make sure that if such an occurrence would happen, those assets in those communities would be appraised by three independent appraisers to view the assets, powerlines, telephone lines, and building assets to determine what the fixed values of the property are. He said that the bill also states that the person cannot be associated with the coop or being connected with any potential buyer if that coop and its members decides to dissolve the cooperative to some other means. He added that they are asking for protection to keep this unit in whole, and if such an occurrence should occur, that there be safety provisions in the existing law to preserve the REA's in Montana.

PROPOSERS

Jerry Brobst, Flathead Electric Cooperative, Kalispell. Mr. Brobst stated the purpose of the bill is to ensure that the authority for the buyer sellout of the coop remains with the majority of the membership, which would raise the question of who would be opposed to that type of system and why they would be opposed. He said the Montana Rural Electric System represents an asset that has been carefully built over the last fifty years and currently owned by Montanans. He commented that revenue from that operation stays in the state and in the community where the service is provided, and selling to an out of state company would cause those dollars to leave the state.

Bill Chapman, General Manager of Glacier Electric Cooperative. Mr. Chapman stated that this bill requires a 2/3 majority of the total memberships' approval to sell the assets of a cooperative, and the opportunity to vote is provided to all of the membership instead of only a few.

Don Gillingham, representing Northern Lights Electric Cooperative. Mr. Gillingham submitted written testimony. Exhibit No. 17.

Gary Mason, General Manager, Ravalli County Electric, Corvallis. Mr. Mason urged passage of the bill without amendments.

Jim Eskridge, representing Sun River Electric Cooperative, Fairfield. Mr. Eskridge submitted written testimony. Exhibit No. 18.

Rick Brown, representing Ravalli County Electric Cooperative. Mr. Brown stated that historically big businesses from out of state have controlled Montana's destiny, and with House Bill No. 669 the consumers would have an opportunity to voice an opinion.

Donald Parks, Director, Ravalli County Electric Cooperative. Mr. Parks stated that the Ravalli County Electric Coop was the first coop to be incorporated in the state. He said through the years the members have tried to control its destiny, and have made themselves a bigger asset to the community through the taxes the members pay, plus the improved quality of life for the members through the electric cooperative program.

Doug Hardy, employee and member of Park Electric Cooperative, Inc., submitted written testimony. Exhibit No. 19.

David Rigler, rancher, south of Livingston, submitted written testimony. Exhibit No. 20.

Roberta Rohrer, Director, Member Owner Sun River Electric Cooperative, Fairfield. Ms. Rohrer stated that rural cooperatives owned by Montanans are an important part of the free enterprise system that provide competition while allowing profits in the form of capital credits to be retained by the Montana consumers rather than being distributed to out of state investors. He said this bill will allow member owners to sell their electric cooperatives, and help those members be informed about the details regarding the proposals to sell and provide for equitable compensation.

Kay Norenberg, representing Women Involved in Farm Economics, submitted written testimony. Exhibit No. 21.

Joy Bruner, representing Montana Water Development Association, submitted written testimony. Exhibit No. 22.

Terry Carmody, representing Montana Farmers' Union. Mr. Carmody stated that 80 percent of the members of the Farmers' Union are members of local cooperatives and strongly support this legislation.

Wilbur Anderson, General Manager, Vigilante Electric Cooperative, Dillon, submitted written testimony. Exhibit No. 23.

Jay Downen, representing Montana Electric Cooperatives. Mr. Downen stated that the law is now inconsistent, and they would like to delete the dissolution section which allows for as few as three board members and 37 members voting in an election to overrule the will of the majority.

OPPONENTS

None.

QUESTIONS

None.

CLOSING

Rep. Harp made no further comments.

EXECUTIVE ACTION

ACTION ON HOUSE BILL NO. 669

Rep. Swysgood moved that House Bill No. 669 DO PASS. The motion carried unanimously.

HOUSE BILL NO. 694 - Require Liability Insurers to Report Certain Information, sponsored by Rep. Fred Thomas, House District No. 62, Stevensville. Rep. Thomas stated the bill requires reporting of the liability insurers to the Insurance Commissioner, and covers all the problem areas, commercial liability, commercial auto, and professional liability. He said it requires such insurers to report annually to the Commissioner on such items as premiums written, premiums earned, claims, expenses, costs, taxes, commissions, etc.

PROPONENTS

None.

OPPONENTS

Randy Gray, representing State Farm Insurance Company and National Association of Independent Insurers. Mr. Gray stated the bill will be burdensome to the insurance industry because it is not consistent with the data they are reporting now. He said the bill was not necessary because the Insurance Commissioner's office testified that there has been only three requests for information in the last 18 months on the professional lines of insurance that they had gathered. He commented that the Commissioner's office and the National Association of Insurance Commissioners are in the process of a major data gathering project and will be analyzing that data, as opposed to this bill which provides gathering the data in the Commissioner's office with no one analyzing it. He said the cost to gather the data would be approximately \$40,000 per year and is not worth spending.

DAILY ROLL CALL

BUSINESS & LABOR

COMMITTEE

50th LEGISLATIVE SESSION -- 1987

Date February 13, 1987

NAME	PRESENT	ABSENT	EXCUSED
REP. LES KITSELMAN, CHAIRMAN	✓		
REP. FRED THOMAS, VICE-CHAIRMAN	✓		
REP. BOB BACHINI	✓		
REP. RAY BRANDEWIE	✓		
REP. JAN BROWN	✓		
REP. BEN COHEN	✓		
REP. JERRY DRISCOLL	✓		
REP. WILLIAM GLASER	✓		
REP. LARRY GRINDE	✓		
REP. STELLA JEAN HANSEN	✓		
REP. TOM JONES	✓		
REP. LLOYD MCCORMICK	✓		
REP. GERALD NISBET	✓		
REP. BOB PAVLOVICH	✓		
REP. BRUCE SIMON	✓		
REP. CLYDE SMITH	✓		
REP. CHARLES SWYSGOOD	✓		
REP. NORM WALLIN	✓		

STANDING COMMITTEE REPORT

19

Mr. Speaker: We, the committee on BUSINESS AND LABOR

report HOUSE BILL NO. 669

☒ do pass
☐ do not pass

☐ be concurred in
☐ be not concurred in

☐ as amended
☐ statement of intent attached

REP. LES KITSELMAN

Chairman


FIRST

reading copy (WHITE)
color

WITNESS STATEMENT

NAME JAMES R. Eskridge BILL NO. 147361
ADDRESS P.O. Box 217 Fairfield Mt. DATE 2/13/87
WHOM DO YOU REPRESENT? SUN RIVER ELECTRIC COOPERATIVE
SUPPORT ✓ OPPOSE _____ AMEND _____

PLEASE LEAVE PREPARED STATEMENT WITH SECRETARY.

Comments:

Comments: Mr. Chairman, members of the Business and Labor Committee:

My NAME is Jim Eskridge and I am General Manager of Sun River Electric Cooperative. As such, I am here representing the interests of some 4000 rural Montanans and would like to go on record in support of HB 669 and Amendment.

THE GOVERNOR OF OUR STATE has been leading the charge to ^{build a better business climate in Montana} ~~to build a better business climate in Montana~~; for more than 50 years the cooperatives of this state have been doing just that through stable employment.

The cooperatives of Montana employ literally 1,000's of Montanans in good, clean, high paying jobs. Jobs that with your help and support will stay in Montana by ~~providing~~ ~~if it is protected~~ protecting the assets of our cooperatives.

In recent years we have seen what happens to jobs created by large corporate entities residing outside of Montana. Like Majie when the profit illusion diminishes, large corporations vanish and with them any jobs they may have temporarily created.

(۵۵)

Examples of this can be seen in the ~~oil~~ ^{oil} industry, Phillips Petroleum, Amoco and other Eastern Northern Petroleum. When these companies were profitable to plunder they were here.

But where are they now? Where are these jobs for maintenance now?

Members of this committee, I point out our cooperatives have been here ~~creating~~ ^{strengthening} jobs for over 50 years ~~building~~ ^{strengthening} maintenance.

On behalf of my membership, my directors and my employees I urge your support of HELL. Help us protect one of Montana's most valuable assets, our jobs. Let's keep Montana permanently employed through continued cooperation.

Thank you

James H. Schindler.

I am Doug Hardy, an employee and member of Park Electric Corporation Incorporated, serving parts of Park Sweet Grass, Gallatin and Meagher Counties. I am speaking in favor of HB 669 and want to point out its impact on "Competition by Comparison."

In our industry with service territories eliminating some forms of competition, utilities get tagged with the term "Monopoly." "Competition by Comparison" has helped our Investor Owned utilities has benefited all Montana consumers in areas of Rates, Line Costs and many more the most important being Service.

My Mother tells of wanting near by electrical service west of Big Timber. They were refused until her neighbors brought in ⁱⁿ coop lines. But that was years ago.

Today in our service area "Competition by Comparison" is a two way street. Our relationship with Montana Power is a good one that allows our middle management to compare costs not only on such things as line construction costs, but both of us keep costs in line. In many remote areas where MPC and Coops have lines near each other "Competition by Comparison" is evident even with

linemen who when Mother Nature tears
lines down all try to get their consumers
back in service ~~first~~ before the other.

COM "Competition by Comparison" and
its benefits to all Montanans relates directly
to HB 669, a bill that insures that if this
"Competition by Comparison" is eliminated, it
will be by the choice of ~~the~~ an informed
membership. Not by a few Trustees or a
minority of the membership running
something by an uninformed or misinformed
majority.

I thank you for your time
and request that the committee support
HB 669 as written in the interest of
all Montana consumers.

DOUGLAS R HARDY

PARK ELECTRIC COOPERATIVE INC.

BOX 908

LIVINGSTON, MONTANA

59047

EXHIBIT 30
DATE 7/13/82
HB 649

W2 677

I

8. Memorandum for Mr. Nelson - 7/13/82

1. Enclosed for Mr. Nelson are two copies of a letterhead memorandum (LHM) dated 7/13/82 and captioned as above.

2. The LHM is a copy of a letterhead memorandum (LHM) dated 7/13/82 and captioned as above.

3. The LHM is a copy of a letterhead memorandum (LHM) dated 7/13/82 and captioned as above.

4. The LHM is a copy of a letterhead memorandum (LHM) dated 7/13/82 and captioned as above.

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10. The LHM is a copy of a letterhead memorandum (LHM) dated 7/13/82 and captioned as above.

11. The LHM is a copy of a letterhead memorandum (LHM) dated 7/13/82 and captioned as above.

12. The LHM is a copy of a letterhead memorandum (LHM) dated 7/13/82 and captioned as above.

13. The LHM is a copy of a letterhead memorandum (LHM) dated 7/13/82 and captioned as above.

EXHIBIT 30 4
 DATE 2/13/87
 HB 669

(2)

HB 669

certainly have professional affairs
 the Cadogan property. After
 all they the investors have a
 great deal invested also they
 are doing their own inside
 management and operation
 and are making the best use of
 the property and of the
 investment money. This
 investment they have been
 for over 10 years and have
 supported it since the beginning.

House Committee
Business and Labor
Hearing
H.B. 669

2-13-87

Mr. Chairman and members of the Committee my name is Wilbur Anderson I am General Manager of Vigilante Electric Cooperative with headquarters at Dillon, Montana.

I very strongly support House Bill #669 and feel that it is good legislation for the Consumer - Owners of Cooperatives in Montana. Many of our systems have provided service here in the rural areas and small towns for over 50 years. Our systems provide electric and telephone service in areas where no other company would extend their lines. We plan to continue to serve in these areas we have developed.

House Bill #669 provides that:

1. Two thirds ($\frac{2}{3}$) of the membership would have to approve the sale of these systems before a large out-of-state Corporation could buy out one of these service areas.
2. A realistic appraisal would have to be made of a system would be required before a sell-out could be made.

3. Three such appraisals would have to be made before the assets of the Cooperative could be sold.
4. Alternative proposals for the disposition of the Cooperative assets could be proposed by the members on each system including merger or consolidation of Cooperatives rather than just a sell-out by a small minority of members.

Mr. Chairman and members of the Committee, this is good legislation to protect the assets of our consumer owners of our systems and we ask for your support of H.B. 669.

Our rural areas have had very difficult times these past few years, and the loss of additional assets in Montana as has taken place in other states, to large out-of-state Corporations, can only further hurt our Montana economy. Thank you for your consideration.

Wilbur Anderson, General Manager
Vigilante Electric Cooperative
P.O. Box 71
Dillon, Mont. 59725

HB 669
2/13/87

WITNESS STATEMENT

NAME William Miller BILL NO. H1766
ADDRESS Box 628 Ennis Mont. 59917 DATE _____
WHOM DO YOU REPRESENT? Lincoln Elec. Coop. Inc.
SUPPORT X X X X OPPOSE _____ AMEND _____

PLEASE LEAVE PREPARED STATEMENT WITH SECRETARY.

Comments: - a key factor to remember, is the fact that the Rural people in Montana organized their Elec & Telephone Coops as a last resort when refused service by profit companies.

The reason given by these companies, was, it was either too costly, to serve the Rural Area, or the Farmers & Ranchers had not had Electricity in the first place.

Now that the job is done, ~~with~~ but a few Septans are in operation, profit incentives would like to take the control away from the people.

The cooperative method of doing business, has not continued greatly in holding Electric Rates down.

The Profit power & Telephone companies are no longer the only guide line or yard stick available to the public, in measuring the true cost applicable to energy. the coop membership

BUSINESS AND LABOR COMMITTEE
HEARING ON HB669
- RURAL ASSET PROTECTION BILL -

Testimony of Larry L. Nelson,
Shelby, Montana

I would like to thank the Business and Labor Committee for allowing me to testify this morning. I know you are busy and I'll be brief.

My name is Larry Nelson. I am the General Manager of Marias River Electric Cooperative, Inc. and Shelby Gas Association in Shelby, Montana.

HB669 is very important to the citizens and residents of Toole County, the majority of whom are members of Marias River Electric and Shelby Gas. The passage of HB669 would protect them against the involuntary loss of an asset that they have worked year after year to develop. I'm talking about their consumer-owned cooperative.

HB669 would insure that before their assets could be sold or disposed of, a majority of 2/3 of the members would have to agree. A misdirected Board of Trustees could not then sell them out---nor could a small minority of dissident members sell them out.

HB669 would offer them protection against a well organized minority, who might conspire to sell the assets of the cooperative for a quick one time profit for a few at the expense of long term benefits for many---it hasn't happened in Montana, but it has in other states.

HB669 would strengthen the hand of those who own the cooperative and it's assets, the members themselves, and take away the risk of losing their cooperative, unless, of course, that is what the majority of members desired.

HB669 is a people bill. It gives the people who own their cooperative the controlling hand to keep their business or sell it--whichever they desire--it protects the majority without infringements on the minority.

I have been an employee of a rural electric cooperative for over 18 years and can testify that rural electrics in Montana are vulnerable to take overs by large cash-rich, multi-national corporations. The passage of HB669 without amendments would tighten up this vulnerability and assure that Montana cooperatives could only be taken over if indeed that is what the majority of the members wanted.

I support the passage of HB669 without amendments and ask for the committee's endorsement.

Respectfully submitted,

Larry L. Nelson

VISITORS' REGISTER

BUSINESS AND LABOR

COMMITTEE

BILL NO. House Bill No. 669

DATE Feb. 13, 1987

SPONSOR Rep. John G. Harp

NAME (please print)	REPRESENTING	SUPPORT	OPPOSE
Joe Brown	RAVALLI COUNTY, ELECTRIC	X	
Donald F. Park	" " "	X	
Doug Hardy	PARK ELECTRIC COOP INC.	X	
GARY D. MASON	RAVALLI COUNTY ELECTRIC	X	
Bill Chapman	Glacier Elec Coop	X	
Wilbur Anderson	Vigilante Elec. Assoc	X	
Roberta Rehren	Sun River Elec. Coop	X	
DON GILLINSHAM	NORTHERN LIGHTS COOP	X	
James R. Eskridge	Sun River Elect. Coop	X	
David Rogers	Pack Electric Assoc	X	
William Miller	Lincoln Elec. Coop	X	
JOE KELGESSON	FLINTHEAD Elec. Coop	X	
Joe Nelson	Vigilante Elec. Coop	X	
LARA NELSON	MARINE RIVER ELECT	X	
JEAN DAVIS	FLINTHEAD Elec. Coop	X	
JAY DOWNEN	PENTANA'S Elec. Cooperation	X	
Mr. Ramsey	Mont. Under. Elec.	X	
Ferry Ramsey	Mt. Ferness LI	X	
Arnold Wade	CEME	X	

IF YOU CARE TO WRITE COMMENTS, ASK SECRETARY FOR WITNESS STATEMENT FORM.

PLEASE LEAVE PREPARED STATEMENT WITH SECRETARY.

COMMITTEE

DATE _____

SPONSOR _____

PLEASE LEAVE PREPARED STATEMENT WITH SECRETARY.

MINUTES OF THE MEETING
AGRICULTURE, LIVESTOCK AND IRRIGATION
MONTANA STATE SENATE

March 13, 1987

The meeting of the Agriculture, Livestock and Irrigation Committee was called to order by Chairman Boylan on March 13, 1987, at 1:00 p.m. in Room 413/415 of the Capitol.

ROLL CALL: All members were present.

CONSIDERATION OF HOUSE BILL 669: Representative John Harp, House District 7, said the bill allows REA Cooperatives in Montana to dispose of a Co-op properly. There is a concern among certain REA properties in Montana that private utilities may be able to purchase some of the more lucrative electrical cooperatives and dismantle the Montana Association of Utilities. Should this happen, this bill asks that all the members of the Co-op be included in the proceedings.

PROPOSERS: Jerry Broest, Flathead Electric Co-op., rose in support, saying the dollars generated by Montana rural Co-ops remain in Montana. Selling to out-of-state interests could mean dollars leaving Montana.

Rod Hanson, Montana Association of Utilities, said Wyoming has had serious problems with out-of-state utilities causing expensive court cases.

Rick Brown, Ravalli County Electric, rose in support of HB 669. His testimony is attached as Exhibit 1.

Roberta Rohrer, Sun River Electric, rose in support.

Duane Broodhert, Yellowstone Electric, rose in support, saying this bill is very important to the rural cooperatives. His cooperative had received a request from Pacific Power and Light for their retail rates.

Jay Downen, Great Falls, Montana Electric and Telephone Cooperative, said 50 years ago the REA told them how to set up and dissolve electric cooperatives for Montana farmers and ranchers. He said the laws are now outdated and the law should require a full statement of the membership should they want to sell their cooperative, and also

provide a due process procedure.

Jo Brunner, representing Montana Water Development Assn., rose in support and her testimony is attached as Exhibit 2.

Wilbur Anderson, General Manager of Vigilante Electric Cooperative, Dillon, Montana, rose in support. His testimony is attached as Exhibit 3.

Bonnie Schellinger, member of the MEC, rose in support of the bill. Her testimony is attached as Exhibit 4.

As time was running short, Chairman Boylan asked representatives from the Co-ops to stand and identify themselves. Standing were Terry Carmody, Montana Farmers Union; Harold Dieson, Manager, Missoula Electric Cooperative; Ray Michaels, Yellowstone Valley Electric Coop.; Jim Hembiehar, Yellowstone Valley Electric; Ralph McKelvie, Yellowstone Valley Elec. Coop., and Wanda Demer, Missoula Electric Coop.

OPPONENTS: There were no opponents.

QUESTIONS FROM THE COMMITTEE ON HOUSE BILL 669: Senator Bengtson asked if there was a threat from out-of-state companies or Pacific Power and Light trying to buy the rural electric Co-ops in Montana.

Duane Broodhert said he wasn't sure if Pacific Power and Light's request was to compare rates, but they have a line from Yellowtail Dam to the City of Billings. He said his Co-op was the largest in the state, and they could be interested in it.

Senator Thayer asked Gene Phillips if he thought there was a threat. Mr. Phillips said he checked with the company and they have no interest at this time in acquiring any cooperatives in the state of Montana. He said he had seen a comparative study between his rates and all rates in the state of Montana, and could only assume it was a study to see how they ranked with other companies in the state. He said they do have a transmission line that comes from Wyoming to Yellowtail Dam and interconnects with the Montana Power Co. in Billings. It is used for a power interchange between his system and other systems, and not part of any distribution system other than they do serve their own coal mines in southeastern Montana from that line.

DISPOSITION OF HOUSE BILL 669: Senator Story moved House Bill 669 BE CONCURRED IN. The motion CARRIED UNANIMOUSLY. Senator Story will carry the bill on the Senate floor.

CONSIDERATION OF HOUSE BILL 779: Rep. Ted Schye, House District 18, said this was a bill requested by the Montana Water Development Assn., and he turned the presentation over to Ron Schoefield, M.W.D.A, who presented amendments that are attached as Exhibit 5. He said the bill clarifies evidence of title for purposes of determining the holder of a title to land, and therefore noting eligibility under the irrigation district laws. It allows districts the use of records of licensed title insurance agents. Using these agencies will cut costs in the petition process.

PROPONENTS: R. A. Ellis, Chairman of the Board, Helena Valley Irrigation District, rose in support.

OPPONENTS: There were no opponents.

QUESTIONS FROM THE COMMITTEE ON HOUSE BILL 779: None.

DISPOSITION OF HOUSE BILL 779: Senator Lybeck moved the amendments presented by Mr. Schoefield. Motion CARRIED. Senator Lybeck moved House Bill 779 AS AMENDED, BE CONCURRED IN. The motion CARRIED UNANIMOUSLY. Senator Lybeck will carry the bill on the Senate floor.

CONSIDERATION OF HOUSE JOINT RESOLUTION 38: Rep. Ted Schye, House District 18, said he hadn't asked anyone to come in to testify for this bill, and he requested the committee table it in its present form. He told the committee if they wish to amend it back to its original form, he would then bring people in.

DISPOSITION OF HOUSE JOINT RESOLUTION 38: Senator Jergeson Moved to place HJ 38 on the table. The motion CARRIED UNANIMOUSLY.

CONSIDERATION OF HOUSE BILL 220: Rep. Gene Demars, House District 29, said the bill is at the request of the Seed Growers Industry of Montana, revising the agricultural seed laws. Testimony is attached as Exhibit 6.

PROPONENTS: Harry Johnson, representing the Montana Seed Trade Assn., rose in support of the bill. Testimony is attached as Exhibit 7. He also presented amendments which

ROLL CALLAGRICULTURE

COMMITTEE

50th LEGISLATIVE SESSION -- 1987

Date 3-13-87

NAME	PRESENT	ABSENT	EXCUSED
ABRAMS, Hubert J.	✓		
BENGTSON, Esther G.	✓		
BECK, Tom	✓		
JERGESON, Greg	✓		
KOLSTAD, ALLEN C.	✓		
LYBECK, Ray	✓		
STORY, Peter R.	✓		
THAYER, Gene	✓		
GALT, Jack VICE CHAIRMAN	✓		
BOYLAN, Paul CHAIRMAN	✓		

Each day attach to minutes.

VISITORS' REGISTER

NAME	REPRESENTING	BILL #	Check One	
			Support	Oppose
Mike Felt	Crop Soil Mgt - Mtn States	HB 628		X
Richard H. Leubert	agent Shelby, MT	"		X
Tom Wilbertson	SELF Great Falls, MT	HB 628		X
Denny Bryant	Flathead Electric Co-op	HB 669	X	
Wayne E. Munkit	Yellowstone Valley Elec. Co.	"	X	
Ric Brown	Trail County Elec.	669	X	
Lisa Henderson	Mont. Associated Ut.	669	X	
Ralph McBelue	y. & c. coop	669	X	
Roberta Palmer	Sun River Elec.	669	X	
Bonnie Schellenger	Missoula Elec. Co-op	669	X	
Harold R. Owen	Missoula Elec. Co-op	669	X	
Ed Hansen	Mont. Assoc. utilities	669	X	
Harry Johnson	Mont. Seed Trade Assn	HB 220	X	
Dave Hixson	Mont. Seed Trade Assn	HB 220	X	
Roger McGlenin	INDEPENDENT INSURANCE AGENTS ASSOC. OF MT	HB 628		X
Alvin LaBar	INDEPENDENT INSURANCE AGENTS ASSOC	HB 628	X	
Donald F. Beattie	Continental Ins. Co.			X
Deanna Zeit	Warden, MT. Syrup		X	
Eugene Kell	" " "		X	

COMMITTEE ON

DATE

3-13-87

AGRICULTURE

VISITORS' REGISTER

NAME	REPRESENTING	BILL #	Check One	
			Support	Oppose
Bob Jones	NCIA / Crop Growers	HB 628		X
Bill Zachert	Blockley Crop Harv	HB 628		X
Jeff BRANT	Flower Ins. Agency (Great Falls)	HB 628		X
Virginia C. Starbuck	Harvest - Church, Mont agency	HB 628		X
Ray Dadds	American Ag Insurance	HB 628		X
Bob Stephens	Int. Grain Growers Assn	HB 628	X	
W. A. Becker	Becker Ins Agency	HB 628		X
Maryl - Brodick	Stroud Crop Inc.	HB 628		X
P. A. Ellis	MWDA Nelson Valley Erog Dist	HB 779 220 669	X	220 X
Ron Schofield	MWDA	HB 779 HB 669	X	
Kelly Blake	Dept. of State Lands	HJR 36 HB 224	X	
Dennis Hammer	Dept of State Lands	HJR 36	X	
Alpe Decker	Insurance Agent	HB-628		X
Jay Carlson	Rain & Pail dries	HB 628	X	X
Lee Hart	St. Seed Lab	HB 220	X	
James P. Bowman	Montana Seed Union Assn	HB 220	X	
James Thompson	Yellow Valley Elec.	H 669	X	
W. W. Brookhart	Yellowstone Valley Elec	H 669	X	
Wilbur Anderson	Vigilante Elec. Co-op	H. 669	X	
Debbie Starni	Mont. Grain Utilization	HB 669	X	
Jeff Kent & Kelly	Int. Dept. of Agr	HB 678	X	
Bob L. Wilton	Crop & Land Mgt	HB 678		X

H.B. 669

MR. CHAIRMAN AND COMMITTEE MEMBERS. I AM RIC BROWN
A CONSUMER AND EMPLOYEE OF RAVALLI COUNTY ELECTRIC
IN CORVALLIS.

HISTORICALLY MONTANA HAS ALLOWED OUTSIDE INTERESTS
TO COME INTO MONTANA TAKE THE CREAM OF OUR RESOURCES
AND MOVE OUT. THIS CAN BE TRACED FROM THE FUR TRADE
DAY TO THE MINING ERA AND INTO TODAY'S TIMBER
INDUSTRY.

RAILROADS, MINING AND TIMBER COMPANIES HAVE ALL DONE
THIS IN THE RECENT PAST. USUALLY WITH VERY LITTLE OR
NO INPUT FROM MONTANA PEOPLE.

H.B. 669 IN ITS UNAMENDED FORM SIMPLY PUTS
A DAMPER ON THIS TREND. BY ALLOWING THE OWNER
CONSUMER THE RIGHT TO VOTE FOR THE DESTINY OF
THEIR COOPERATIVE. WE APPRECIATE YOUR VOTE FOR HB
669 IN THE UNAMENDED FORM.

THANK YOU

Ric Brown

3-13-87

P.O. BOX 109

RAVALLI COUNTY ELECTRIC

CORVALLIS MONTANA 59828

SENATE RESOLUTION

EXHIBIT 1

DATE 2-1-87

BILL NO. H.B. 669

NAME Jo Brunner Date march 13, 1987

Address 2015½ 9th Avenue, Helena

Telephone 442-2654

Representing Montana Water development Association

Appearing on Which Proposal HB669

Support X Amend Oppose

Comments:



Mr. Chairman, At the last Board of Directors meeting of the Montana Water Development Association, the board voted to continue our support of HB669.

The Board is of the opinion that is a needed change in the laws of the Rural Cooperatives, that is is necessary to not only consult with the stockholders of a cooperative, but to take direction from them in such instances as this bill covers.

We ask this committee concur in HB669

SENATE AGRICULTURE

EXHIBIT NO. 2

DATE 3-13-87

BILL NO. HB 669

Agriculture
Senate Committee
Business and Industry
Hearing
H.B. 669

3-13-87

SENATE AGRICULTURE
EXHIBIT NO. 3
DATE 3-13-87
BILL NO. HB 669

Mr. Chairman and members of the Committee, my name is Walter Amberson I am General Manager of Vigilante Electric Cooperative with headquarters at Dillon, Montana.

I very strongly support House Bill #669 and feel that it is good legislation for the Consumer - Owners of Cooperatives in Montana. Many of our systems have provided service here in the rural areas and small towns for over 50 years. Our systems provide electric and telephone service in areas where no other company would extend their lines. We plan to continue to serve in those areas we have developed.

House Bill #669 provides that:

1. Two thirds ($\frac{2}{3}$) of the membership would have to approve the sale of their system before a large out-of-state Corporation could buy out one of their service areas.
2. A realistic appraisal would have to be made of a system would be required before a sell out could be made.

3. Three such proposals would have to be made before the assets of the Cooperative could be sold.
4. Alternative proposals for the disposition of the Cooperative assets could be proposed by the members on each system including merger or consolidation of Cooperatives rather than just a sell-out by a small minority of members.

Mr. Chairman and members of the Committee, this is good legislation to protect the assets of our consumer-owners of our systems and we ask for your support of H.B. 669.

Our rural areas have had very difficult times these past few years, and the loss of additional assets in Montana as has taken place in other states, to large out-of-state Corporations, can only further hurt our Montana economy. Thank you for your consideration.

SENATE AGRICULTURE

EXHIBIT NO. 3

DATE 3-13-87

BILL NO. HB 669

Mr. Chairman, Committee Members

I am Bonnie Schilling, a member of the MEC & also a speaker member of the Board of Directors

A cooperative, being member owned is a democratic organization whose future should be decided by its general membership.

The cooperatives were built over the years by their members not by their original incorporators nor by their directors.

The incorporators got the ball rolling and ^{the directors have} maintained the momentum.

What we are asking is that the membership as a whole be given the opportunity to decide the fate of their business, which they have helped build and which they own and support.

By giving this bill ⁶⁶² a yes vote you are allowing cooperative members to continue to exercise their responsibility.

SENATE AGRICULTURE

EXHIBIT NO. 4

DATE 3-13-87

BILL NO. HB 669

STANDING COMMITTEE REPORT

MARCH 13

19 87

MR. PRESIDENT

We, your committee on AGRICULTURE, LIVESTOCK & IRRIGATION

having had under consideration HOUSE BILL No. 669

third reading copy (blue)
color

Harp (Story)

REVISE LAWS ON SALE AND DISSOLUTION OF PROPERTY BY RURAL COOPERTIVES

Respectfully report as follows: That HOUSE BILL No. 669

BE CONCURRED IN
DO PASS

DO NOT PASS

PAUL F. BOYLAN,

Chairman.